

RESOLUTION NO. 20080214-___

WHEREAS, the City of Austin, the electric utility of the City of San Antonio, CPS Energy, (“CPSE”), and NRG South Texas L.P. (“NRG”) are parties to a Participation Agreement governing the ownership and operation of the South Texas Project (“STP”), a nuclear power generation plant in Matagorda County, Texas, comprising two reactor units; and

WHEREAS, NRG is currently engaged in activities aimed toward the goal of adding one or two new reactor units to STP and has applied to the federal Nuclear Regulatory Commission for a combined construction and operating license for the new units; and

WHEREAS, the Participation Agreement requires that any owner proposing to add generating units to STP give written notice to the other owners of its intentions and that such notice contain, among other things, an estimate in reasonable detail of all prospective preconstruction and construction work required for the expansion project, and a description of the entities that will plan, design, license, construct, and operate the new units and of the arrangements under which such work will be performed; and

WHEREAS, on December 4, 2007, Austin received a letter from NRG that purported to be the notice required by the Participation Agreement and that requested that Austin decide within a ninety-day deadline whether to fully commit to the expansion of STP; and

WHEREAS, after review and analysis of the information provided by NRG regarding the proposed expansion, City staff have concluded that NRG has failed to provide Austin with sufficient information and reasonably detailed estimates upon which to base a decision to join in the expansion of STP; and

WHEREAS, based upon the information and estimates that have been provided by NRG, City staff have concluded that NRG’s cost and schedule estimates are unreliable and do not possess a sufficient degree of certainty, and that commitment to the expansion project based upon NRG’s cost and schedule projections would expose Austin to unreasonable and excessive levels of risk from significant cost and schedule overruns; and

WHEREAS, the City Council, by adoption of Resolution No. 20071213-057, has already given direction to the City Manager to conduct an open,

extended public participation process to assist Austin with the development of its generation resource plans; and

WHEREAS, the City Council believes that the public planning process should provide for adequate public input and debate on all available generation resource options; and

WHEREAS, the City Council believes that it would be imprudent and unwise to join with the current development efforts of NRG and CPSE regarding STP without possessing reasonably detailed and reliable cost and schedule estimates, and that a decision by the Council to do so at this time would deprive the citizens of Austin of an adequate opportunity to openly discuss and debate this issue;

NOW THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

1. That the City Council agrees with the conclusion of City staff that NRG has failed to provide Austin with adequate notice and reasonably detailed cost estimates as required by the Participation Agreement
2. That, based upon the information provided by NRG, it would be unwise and imprudent at this time to commit to join with NRG and CPSE in their efforts to expand STP.
3. That the City Manager shall refrain from entering into any agreement with NRG, CPSE, or any other entity to participate in or acquire any interest in the proposed new generating units at STP.

ADOPTED: February 14, 2008

ATTEST: _____
Shirley A. Gentry
City Clerk